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About Your Federal Employment ...

A Guide for Employees Who are *Rehired*

*This pamphlet
provides an orientation
to benefits
for the rehired employee
of the Federal Government.*

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ABOUT YOUR FEDERAL EMPLOYMENT

*(A frank discussion of your benefits as a rehired Federal employee
and other information you should know)*

Welcome back to the Federal community! When you return to work, changes may have taken place in retirement and benefit programs and you should be made aware once again of your options. This pamphlet is not intended to provide all the circumstances for all situations, but to provide the basic program information.

One of the documents that you will receive, once you are appointed is the SF 50, “Notification of Personnel Action.” This document will tell you the type of appointment you have, the type of retirement coverage, and the benefits that you are eligible for. Many of these will depend on the length of your separation from Federal employment and the available history on your previous Federal employment.

In addition, in Block 31 on your SF 50, you will find a date, which stands for your Service Computation Date (SCD), which gives you a date for the total amount of creditable service. This date stands for your leave accrual—nothing else. If you were continuously employed, the date would always be the same. However, since you have had a break in your employment, the date will reflect the actual amount of time you have worked. As an employee, you may have four SCDs, retirement, leave, Reduction-in-Force (RIF), and Thrift Savings Plan (TSP). For example: your retirement SCD will be the date you use to determine length of service for eligibility to retire. Leave SCD determines how much leave you accrue. RIF SCD determines your retention standing in the event there is downsizing within your activity. TSP SCD determines if you are vested in the agency 1% contribution into your account, which is generally 3 years. CSRS employees do not have a TSP SCD.

For your own record, you should have established a personal file to keep all of your SF 50 forms, other forms regarding your benefits (such as, SF 2809-health; SF 2817-life insurance; TSP-1, etc.), as well as your Leave and Earnings Statements (LES). Your human resources office maintains an Official Personnel Folder, commonly referred to as the OPF. It contains a history of your employment--all of your SF 50's, election forms, etc. But since you are rehired, your human resources office will have to retrieve your previous OPF, in most cases from the National Records Center. If you have the documentation from your previous work, it will be very easy for the human resources office to immediately make some determinations; such as previous retirement coverage, establish your sick leave account, etc. If you do not have any of your past documents, your initial SF 50 will show the current appointment date until your past service has been

verified. It is important that you maintain your own file—not only for proof of prior work but for your own continuity or tracking of your history.

About Your Break ...

A break is considered more than three days. So if you were rehired on or before the 4th day, there will no change in your service computation date to show the loss of credit for the days separated--it will be as if you had continued service. This will mean a continuation of retirement, health and life insurance with no availability to make new elections. You will hear this called “Continuity of Coverage.” This continuity will enable you to continue retirement, TSP, health, and life insurance if you move from an appointment that you have these benefits, to one that would not provide for benefits, such as a temporary appointment. That’s a GREAT rule!!

If your separation was for four days or more, with each benefit, there are different considerations and opportunities that we will discuss. The remainder of the pamphlet will be discussed as if your separation was **over** three days.

About Your Appointment ...

Basically there are only two categories of appointments, temporary or permanent. There are many types of appointments within each of the categories, such as excepted, indefinite, term, career conditional, etc., that have been established to meet the needs of the agency. For our purposes, we will look at the categories.

- **Temporary Appointments.** On your SF 50, in block 5B, if it states Temporary Appt (NTE date), it means that you are in an appointment not to exceed (NTE) one year. Because of this type of appointment, you are ineligible for retirement coverage, health and life insurance, and participation in TSP. If you check block 30 of your SF 50, it will have a “2” which means, no retirement coverage, but you are paying a Social Security wage tax of 6.2%. If you were appointed after 1/1/84, you fall under the Federal Employees Retirement System (FERS) rules. Under this system, a temporary appointment after 1/1/89 is not creditable service for eligibility for retirement. If you become covered by a retirement system in the future, temporary service will be credited for leave, Reduction in Force, and required time for vesting in the government contribution to TSP. Another type of temporary appointment is a “term appointment.” It is still an appointment of limited time, but it is made for a specific period exceeding one year and lasting no more than four years. In contrast, term appointments are covered by the Federal Employees Retirement System (FERS), and you will be eligible for health and life insurance. In block 30 on your SF 50,

generally you will see a “K” which stands for the FERS system. You are paying Social Security wage tax, and .80% into the retirement system. You will hear the expression, “covered” employee, which means covered by retirement with all the associated benefits. If your appointment before separation from Federal service was covered by the FERS retirement, you are now covered by FERS. However, if you were covered by CSRS when you separated, and had at least 5 years of creditable service by the last separation date, you will have a choice of electing FERS or you will be placed in FICA (Social Security, since term appointments cannot be covered by CSRS). If you were not covered by retirement in your past history, if you had 5 years of creditable service as of 12/31/86, you cannot be placed automatically in FERS, but would be placed in FICA with the opportunity to elect FERS. If you did not have 5 years as of 12/31/86, but 5 years as of your last separation date, and had at least one day of CSRS coverage, again, you would be placed in FICA with the opportunity to elect FERS. If you do not have 5 years under either circumstance, you would be automatically placed in FERS. That is tough to understand, but important!

- **Permanent Appointments.** This means there is no time limitation with your appointment. You are covered by retirement and are eligible for health and life insurance. There are many types of permanent appointments such as career conditional, excepted, etc. In most cases, new or first hired employees in a permanent appointment are in a career conditional appointment, which basically says that you are in a permanent appointment but you have not met the service requirement for career tenure (you need 3 years service in the competitive service to be considered a career employee). If you had met your career status before you separated, you will be brought back, in most cases, as “reinstate career.” If you were CSRS retirement covered when you separated, if you return to a permanent appointment in less than 365 days, you are not subject to Social Security and will retain CSRS coverage—but since you had a break (over 3 days), you have the opportunity to elect FERS. If your break was for over 365 days, you are now subject to Social Security, and you will be placed under CSRS Offset, with the opportunity to elect FERS. CSRS Offset follows the CSRS rules but you pay a percentage equal to the FERS retirement contribution amount and you also pay Social Security. At age 62, when you become eligible for Social Security benefits, there is an offset from your CSRS annuity equal to the amount of your Social Security benefit earned as a Federal employee.

If you are in an appointment that confers benefits, term or permanent, there are decisions that you must make within the first few weeks of employment.

About the Federal Employees Health Insurance Program (FEHB) ...

As an eligible employee, you may elect health insurance coverage without a medical examination or any restrictions because of age, current health or pre-existing conditions. You have 60 days from the date of your eligible appointment. Once you elect your health insurance coverage plan, it will be effective the beginning of the next pay period. Time is an important consideration since you will not have coverage until you make the election.

Health insurance is an important benefit. The employee and the government share the cost. The Government's share may not exceed 75% of the total enrollment cost. You as the employee, pay the remaining amount. There are many plans available. Your choices range from a Health Maintenance Organization (HMO) to a Fee for Service Plan. You must review the various plans (use the RI 70-1 Comparison Chart) and make a determination that is best for you. You will use the SF 2809, Enrollment Form, to make your election or if your agency requires it, an on-line method for enrolling. If you do not enroll during the 60-day period, you will have to wait until an open season or a life event such as marriage, birth of a child, etc. that would allow you to enroll. **You are responsible to notify your human resources office in a timely manner of these events.** The open season occurs each year from Monday of the second full workweek in November to the Monday of the second full workweek in December. If you were in a health insurance plan previously, be sure to review the current coverage rules and available choices. Do not just elect the plan that you had before without checking the rates, and the provided coverage.

As of October 2000, you can use pre-tax dollars to pay health insurance premiums under premium conversion. If you participate in premium conversion, your share of the FEHB premiums is deducted from your taxable income, thereby reducing your taxes. Participation in premium conversion is automatic unless you waive it. If you participate in premium conversion, you cannot cancel your enrollment or change to a self-only enrollment outside of open season or a qualifying life event. For further information on this premium conversion, contact your human resources office.

About the Federal Employees Group Life Insurance Program (FEGLI) ...

Federal Employees Group Life Insurance is a term insurance program with no cash value. The program includes Basic coverage and optional insurance. There are three options: Option A-Standard; Option B-Additional; and Option C-Family.

- Basic equals your annual salary, rounded up to the next \$1,000, plus \$2,000. (Example: annual salary is \$35,982, rounded up to \$36,000 plus \$2,000 equals \$38,000 worth of insurance.)
- Option A-Standard equals \$10,000.

- Option B- Additional equals your annual salary, rounded up to the next thousand. Employees may elect from one to five multiples. (Example: annual salary of \$35,982, rounded up to \$36,000. Two multiples would equal \$72,000.)
- Option C-Family covers family members. You may elect one to five multiples. Each multiple equals \$5,000 for your spouse and \$2,500 for each eligible dependent child, times one to five multiples. (Example: if you elect two multiples, your spouse is insured for \$10,000 and each eligible dependent child for \$5,000.)

If you are rehired within 6 months (180 days), your prior FEGLI coverage will be reinstated. If your separation was 180 days or more, your prior FEGLI coverage will automatically be reinstated unless you submit a new SF 2817, FEGLI Life Insurance Election Form, and waive or elect different coverage. This coverage will automatically be effective the first day in pay and duty status. Your reinstatement also provides you with a new opportunity to elect coverage or increase existing coverage or options. You have 31 days after your eligible appointment to complete a SF 2817 to waive, elect or make any changes you desire. You may elect coverage without a medical examination, so don't worry about any pre-existing medical conditions. Any options you do not elect will be considered waived. To elect options, you must also elect Basic coverage.

If you did not elect Option C Family insurance when eligible and have a life event, e.g., marriage, you may elect family coverage within 60 days of the life event.

If you waived Basic coverage or did not elect Options A and B, you may increase your insurance following one year after your last election. To do this you must undergo a medical examination at your own expense, and be approved by the Federal life insurance office for additional coverage. Your human resources office has the form you need for the physician. You may also increase your insurance during FEGLI Open Seasons. Open seasons for life insurance are infrequent and are scheduled by the Office of Personnel Management when authorized by Congress. If you change your life insurance, item 27 on your SF 50 will show the new code and explanation of your coverage. If you doubt your life insurance code shows the coverage you elected, you should contact your human resources office.

The cost of the Basic Life Insurance is \$.155 per \$1,000. Optional insurance cost depends on your age bracket. After age 34 your cost will increase every 5 years as your age brackets change.

About the Thrift Savings Plan (TSP) ...

If you are rehired within 30 days, your TSP contributions will resume based on your previous TSP election. If you are rehired after more than 30 days, you have 60 days to elect to contribute to the TSP. If you are a FERS employee who was previously eligible

for agency contributions, you will receive the agency automatic 1% immediately and, if you elect to contribute, agency matching contributions. If you are a FERS employee who was not previously eligible for agency contributions, you can contribute your own money, but will have to wait until the second open season to receive the agency automatic 1% and matching contributions. If you are a CSRS or CSRS Offset employee and you elect to switch to FERS, you are immediately eligible to receive agency contributions. If you do not elect to contribute within 60 days of being rehired, you must wait until a TSP open season. There are two TSP open seasons each year: April 15 through June 30 and October 15 through December 31.

To contribute to the TSP, you must submit a TSP-1 (Enrollment Form) to your human resources office and elect how much you want to contribute. If you are a CSRS or CSRS Offset employee, during 2003 you may contribute up to 8% of your basic pay, without any agency automatic or matching contributions. FERS employees may contribute up to 12% of basic pay. In 2004 and 2005 the contribution limits will increase by 1% when the percentage limits will be lifted and only the IRS annual limit on elective deferrals (\$12,000 in 2003) will apply.

Employee may invest in five funds: the G Fund (a government securities fund); C Fund (a fund which tracks the Standard & Poor's 500 stock index); F Fund (a fund which tracks the Lehman Brothers U.S. Aggregate bond index); S Fund (a fund which tracks the Wilshire 4500 stock index); and I Fund (a fund which tracks the EAFE Stock index, an International stock index). You should read the Guide to TSP (TSPBK09) before investing. You make your investment choices directly with the TSP using the TSP Web site (www.tsp.gov), the Thrift Line (504-255-8777), or Form TSP-50 (Investment Allocation). If you use the Web site or the Thrift Line, you will need your TSP Personal Identification Number (PIN).

If you are a FERS employee who has completed the waiting period for agency contributions, the Government will establish an account for you whether or not you contribute. The Government contributes 1% to your account, plus will match your contributions up to 4% (dollar for dollar for the first 3 percent, and \$.50 on the dollar for the next 2 percent) for a total of 5%. You are immediately vested in your money and the matching funds, but you must have 3 years of civilian service to be vested in the agency automatic 1%. Your TSP SCD is used to determine if you meet the 3-year requirement.

About Your Leave ...

Your Leave SCD (block 31 on your SF 50) determines the amount of leave that you accrue. If you have military service and are not receiving retired military pay, or you are receiving military retired pay and have participated in certain military expeditions or campaigns, your SCD will reflect credit for these periods of military service. A full-time

employee earns 4 hours of sick leave each pay period. Your annual leave accrual depends on your length of creditable service and tour of duty. If you have less than 3 years of service, you earn 4 hours of annual leave per pay period; between 3 and 15 years you earn 6 hours per pay period; 15 years and over, you earn 8 hours per pay period. The leave year ends the beginning of the first full pay period in January. A civilian employee may accumulate up to 240 hours per leave year. Any annual leave over 240 will be forfeited when the leave year ends. (Some employees may accumulate more than 240 hours based on overseas tour or because of an uncommon tour of duty.) Since you are a rehired employee, your service computation date will be changed to reflect your total creditable service for leave. SCDs are typically written as “year, month, and day.” For an example: if your SCD was 88-03-10 when you separated, and you were separated for 1 year, 4 months and 5 days, your new SCD will be 89-7-15 (you add the separated time to your previous SCD).

If you return on or after December 2, 1994, your sick leave balance at your last separation will be re-credited to you.

About Your Military Service ...

If you have military service prior to 1957, it is fully credited to you with no military deposit required. If you are retired from the military, no military service is creditable to you except for campaign and/or expeditions that count for leave and reduction in force (RIF) purposes only. This applies to both CSRS and to FERS. If you are FERS you will receive no retirement credit for any military service after 1956 unless you make a military deposit. The military deposit is 3% of your military base pay, plus interest, as required. Interest begins to accrue on the second anniversary of your first retirement coverage.

If you are CSRS, if you were first hired before 10/1/82, your military service will count for retirement, leave, and RIF without a deposit. After retirement if you are eligible for Social Security at 62 (regardless if you apply) and you have not paid the military deposit of 7% plus interest, your annuity will be recomputed to eliminate the credit for post 56 military service. If you were first hired after 10/1/82, you must make a deposit for the your post 56 military service to receive credit for retirement purposes. **Payment of the deposit for military service must be made to the agency payroll office before you separate.**

For rehired employees, military service that occurred before you separated began to accrue interest on the on the 2nd anniversary of your first retirement coverage date. Interest is compounded each year and is posted to your account on your interest accrual date (IAD). Your first IAD occurs on the 3rd anniversary of your first retirement coverage appointment date. For example: if you were hired in a FERS covered position on March 3, 1994, your first IAD is March 3, 1997 (the 3rd anniversary date following your first FERS appointment). If you have additional periods of military service, your IAD will be

posted in the same manner; that is, on the 3rd anniversary after you return to your covered civilian position. You should check with your human resources office upon your return to see if you are entitled to other advantages as a result of the Uniformed Services Employment and Reemployment Act (USERRA).

If you are retired military, your service will not count for retirement purposes unless you waive your military retired pay and make a deposit for that service. Contact your human resources office for additional information.

About Your Retirement ...

If you were first hired on or after January 1, 1984 in a non-temporary appointment, you are a FERS employee. FERS is a three-tiered program consisting of a FERS annuity, TSP, and Social Security. The FERS annuity is based on 1% of your highest 3 years average salary multiplied by the number of years worked. Some FERS retirees are also eligible for the FERS supplement, which is an extra benefit paid prior to the employee's eligibility for social security. There are additional facts that you should know about your system.

- After a full career the FERS annuity usually replaces about 30% of an employee's salary
- Any non-covered position (temporary) on or after 1/1/89 is not creditable for retirement.
- If you separate and request a refund of your retirement contributions from the Office of Personnel Management (OPM), you lose all credit for the service covered by the refund and it can never be used for any retirement benefit.
- FERS employees must be proactive in planning their retirement. To maximize their federal retirement benefits FERS employees should participate in the Thrift Savings plan to.

The CSRS annuity is more generous than FERS. The annuity is computed using the length of service and highest 3 years average salary. After a full career of 30 years a CSRS annuity will be approximately 56 percent of the highest 3 years average salary. This computation applies also to a CSRS Offset covered employee.

The CSRS is a defined benefit, based on your career as a Federal employee. It is not linked to other retirement programs such as TSP or Social Security. As a CSRS employee, you may contribute up to 5% to the TSP, but there is no automatic or matching contribution from the government.

If you separate and request a refund of your retirement contributions, once you return to covered Federal employment, you may repay the refund plus interest. Your human

resources office has the SF 2803 form for you to complete and return. OPM will correspond directly to you of the amount owed. You may pay the amount in a lump sum, or at a minimum of \$50 each payment. Why repay the refund? If the refund is unpaid at retirement it will have an effect on your annuity when you retire. Refunded service that ended before 10/1/90 will be credited for length of service, but your annuity will be reduced to collect the refund plus interest over your expected life. Refunded service that ended on or after 10/1/90 is creditable for length of service, but it will not be used in calculating your annuity unless the refund is paid. Talk to your human resources office. You may want to make a service credit deposit for service for which you did not pay retirement contributions such as temporary, term appointment etc. Generally, the service is fully creditable for retirement eligibility; however, if the service was before 10/1/82, your annuity will be reduced by 10% of the amount owed. If the service was on or after 10/1/82, the service will not be used in the computation of the annuity unless the deposit is paid. If this applies to you, check it out with your human resources office. Interest just keeps compounding until it is paid or at retirement.

About Your Social Security ...

If you are a FERS covered employee, your Social Security benefits continue to accrue while you are employed with the Federal sector. When you become eligible for your benefit at 62, or if you choose to apply at a later date, you will receive benefits based on the law in effect at that time. Each year on your birthday Social Security will send you a benefits statement, or you may request one through the Social Security web site or by calling their toll free number, 1-800-772-1213. This number can be reached from 7 A.M. to 7 P.M. This statement will show the amount of Social Security contributions posted to your account and the current amount of your retirement and survivor benefits.

If you are a full CSRS covered employee, you are exempt from Social Security. However you may be eligible for a Social Security benefit based on any non-federal service, or through a spouse's social security eligibility. Your own earned social security benefit may be reduced under the Windfall Elimination Provision because you will receive a retirement benefit from "social security" service. Also, any social security benefit to which you may be entitled based on you spouse's record will be reduced, and in some cases eliminated, due to your receipt of a Civil Service benefit. If you are CSRS Offset, you are paying Social Security and if you meet the requirements, will be eligible for a benefit. However, your CSRS benefit will be reduced at age 62 by the portion of your Social Security benefit that is based on your CSRS offset service. As a CSRS Offset employee, you will not be subject to the Government Pension Offset. For information on both provisions, contact your Social Security Office for information. The toll free number is 1-800-772-1213.

About Resources ...

All withholdings from your wages are shown on your leave and earnings statement. Each pay period you should review deductions, leave balances, tax issues, etc. If you believe there is an error in the amount of withholdings, it is your responsibility to contact either your human resources office or your payroll representative, as appropriate. There are many resources to learn more about your Federal employment. Your human resources office will have pamphlets on the various programs for your use. In addition, the following web sites provide pamphlets and other information.

- www.tsp.gov
- www.opm.gov
- www.ssa.gov